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*Crush International Limited*

38<sup>th</sup> ANNUAL REPORT

fiscal year ended November 1, 1961







## OUR PLEDGE

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Crush International Limited takes pride in the excellence of its products. To create and produce beverages of unsurpassed freshness, purity and quality is our highest aspiration . . . our constant aim. Thus it is with confidence that we publish this symbol as an honest and unconditional guarantee. We pledge our untiring diligence in maintaining our exacting standards of production . . . in supplying beverages of delicious fresh flavor and wholesome healthful goodness.

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# CRUSH INTERNATIONAL LIMITED

## DIRECTORS

RALPH B. BRENNAN	- - - - -	Rothesay, New Brunswick
E. E. BUCKERFIELD	- - - - -	Vancouver, British Columbia
H. J. CARMICHAEL, C.M.G.	- - - - -	St. Catharines, Ontario
LOUIS COLLINS	- - - - -	Evanston, Illinois
NELSON M. DAVIS	- - - - -	Toronto, Ontario
P. M. FOX	- - - - -	Montreal, Quebec
J. WILLIAM HORSEY, LL.D.	- - - - -	Toronto, Ontario
D. A. McINTOSH, Q.C.	- - - - -	Toronto, Ontario
G. E. PHIPPS	- - - - -	Toronto, Ontario
J. M. THOMPSON	- - - - -	Toronto, Ontario
W. E. WILLIAMS	- - - - -	Toronto, Ontario

## OFFICERS

J. WILLIAM HORSEY, LL.D.	- - - - -	Chairman of the Board
J. M. THOMPSON	- - - - -	President
C. A. DRUMMOND	- - - - -	Vice-President—Operations
J. P. COSTELLO	- - - - -	Vice-President—Marketing
M. L. HARDING	- - - - -	Secretary-Treasurer

## SHAREHOLDERS' AUDITORS

MCDONALD, CURRIE & CO.	- - - - -	Toronto
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## MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors it is a pleasure to submit to you the Annual Report of Crush International Limited for the year ended November 1, 1961.

Among fiscal details on the following pages, you will note that the net profit after taxes was \$370,808 and the earnings per common share were 66 cents. By comparison, the net profit a year ago was \$191,633 and earnings per common share were 31 cents.

Sales increased to the highest volume in the Company's history. Public acceptance of new Crush products has broadened the Company's leadership in fruit-flavored soft drinks of high quality. This has made possible a healthy and continuing diversification of sources of revenue, in products as well as in geographical distribution.

The Canadian operation continued its progress by the erection of a new plant in Montreal and the installation of new bottling equipment in Toronto.

In the United States, sales efforts were intensified in many areas and Crush products were introduced in a number of new markets where Crush was not already established. In international markets, too, the Company moved ahead. New operations were launched in South America, the Middle East and Europe.

The year under review has been a good one. Even more important, the Company continued its steady progress in accordance with long-term plans for soundly-based expansion.

The loyal effort and co-operation of all personnel makes possible the continuing progress and expansion of your Company. On behalf of the directors and management, I want to express to them our sincere appreciation.

J. M. THOMPSON  
*President*

December 29, 1961.





# CRUSH INTERNATIONAL LIMITED

AND SUBSIDIARIES

## FIVE YEAR COMPARISON

FINANCIAL RESULTS	1961	1960	1959	1958	1957
Income Before Taxes - - - - -	\$523,704	\$305,175	\$493,033	\$244,284	\$132,309
Net Income - - - - -	370,808	191,633	386,861	191,154	68,353
Less Preferred Dividends - - - - -	65,000	48,750	—	—	—
Net Earnings After Preferred Dividends - - - - -	305,808	142,883	386,861	191,154	68,353
Earnings Per Share Common - - -	66¢	31¢	89¢	45¢	16¢
Dividends Common - - - - -	93,116	92,616	Nil	Nil	Nil
Dividends Per Share Common - - - - -	20¢	20¢	Nil	Nil	Nil
Shares Outstanding Common - - - - -	465,582	465,582	435,582	425,582	425,582

FINANCIAL POSITION	1961	1960	1959	1958	1957
Current Assets - - - - -	\$3,359,690	\$3,281,529	\$2,485,511	\$2,166,706	\$2,141,500
Current Liabilities - - - - -	1,332,277	1,196,589	1,108,241	870,261	1,672,580
Working Capital - - - - -	2,027,413	2,084,940	1,377,270	1,296,445	468,920
Fixed Assets Net - - - - -	2,412,821	2,340,112	2,287,645	1,938,748	1,936,432
Other Assets - - - - -	1,500,068	1,407,802	1,394,487	1,162,517*	1,225,337*
Long-Term Indebtedness and Customers' Deposits - - - - -	1,794,803	1,979,256	2,190,673	2,021,637	1,399,323
Stockholders' Equity Common - - - - -	2,782,829	2,523,136	2,528,374	2,048,751*	1,889,792*
Book Value Per Share Common - - - - -	5.98	5.42	5.80	4.81*	4.44*

\*After elimination of Goodwill in the amount of \$4,092,728.

# CRUSH INTERNATIONAL LIMITED

AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended November 1, 1961

BALANCE—NOVEMBER 2, 1960	- - - - -			\$1,085,631
Net earnings for the year	- - - - -			370,808
				<u>1,456,439</u>
Dividends paid—				
Preference shares	- - - - -	\$ 65,000		
Common shares	- - - - -	93,116		158,116
				<u>1,298,323</u>
Other credits and charges—				
Gain on sale of land and building	- - - - -	\$143,304		
Income tax refund applicable to prior years, less portion applicable to minority interest	- - - - -	42,707	186,011	
Advertising supplies and equipment written off	- -	37,945		
Dispensers and trucks written off	- - - - -	41,414		
Deferred costs written off (Note 4)	- - - - -	59,651	139,010	47,001
BALANCE—NOVEMBER 1, 1961	- - - - -			<u>\$1,345,324</u>

## CONSOLIDATED STATEMENT OF EARNINGS

for the year ended November 1, 1961

NET EARNINGS BEFORE DEDUCTING THE FOLLOWING	- - - - -			\$982,109
Interest on funded debt	- - - - -	\$ 85,870		
Depreciation	- - - - -	165,724		
Amortization of containers	- - - - -	143,793		
Directors' fees	- - - - -	3,600		
			398,987	
Investment income	- - - - -	10,018		388,969
				<u>593,140</u>
PROVISION FOR TAXES ON INCOME	- - - - -			173,979
				<u>419,161</u>
Deduct:				
Minority interest in earnings of subsidiaries	- - - - -			48,353
NET EARNINGS FOR THE YEAR	- - - - -			<u>\$370,808</u>





# CRUSH INTERNATIONAL

(INCORPORATED UNDER THE LAWS OF THE STATE OF CALIFORNIA)

## CONSOLIDATED

AS AT NOVEMBER 30, 1968

### ASSETS

#### CURRENT ASSETS

Cash - - - - -	\$ 963,554	
Accounts receivable - - - - -	678,737	
Amounts receivable on sale of land and building -	490,664	
Inventories—at the lower of cost or market - - -	1,128,450	
Prepaid expenses - - - - -	<u>98,285</u>	\$3,359,690

#### FIXED ASSETS

Land, buildings, machinery and equipment—		
at cost (Note 1) - - - - -	4,171,472	
Accumulated depreciation - - - - -	<u>1,775,935</u>	
	2,395,537	
Cash received on sale of fixed assets, held by Trustee		
for bond holders - - - - -	<u>17,284</u>	2,412,821

#### OTHER ASSETS

Containers on hand and with customers—		
at cost, less amounts written off - - - - -	1,446,206	
Non-current amounts receivable - - - - -	41,200	
Investment in shares of foreign subsidiary not con-		
solidated—at cost (Note 2) - - - - -	<u>12,662</u>	1,500,068
GOODWILL - - - - -		1

Approved on behalf of the Board

J. M. THOMPSON }  
H. J. CARMICHAEL } *Directors*

\$7,272,580



# BALANCE SHEET

PER 1, 1961

## CURRENT LIABILITIES

Bank loan and overdraft (secured) - - - - -	\$ 151,070	
Accounts payable and accrued liabilities - - - - -	639,867	
Income and sundry taxes payable - - - - -	292,960	
Due to foreign subsidiary not consolidated - - - - -	8,555	
Portion of funded debt due within one year - - - - -	239,825	\$1,332,277

REFUNDABLE DEPOSITS ON CONTAINERS - - - - -		549,023
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## FUNDED DEBT

5½% debentures, maturing December 1, 1963— \$150,000 per year to 1962 and \$300,000 in 1963	600,000	
3% general mortgage and collateral trust serial bonds, maturing March 1, 1965 in annual instalments of \$70,000 - - - - -	280,000	
5% first mortgage, maturing January 1, 1976 in monthly instalments of \$2,340 including interest	346,301	
6% first mortgage, maturing February 1, 1979 in monthly instalments of \$1,995 including interest	259,304	
	1,485,605	
Less: Portion transferred to current liabilities - - - - -	239,825	1,245,780

MINORITY INTEREST IN SHAREHOLDERS' EQUITY OF CRUSH INTERNATIONAL INC. - - - - -		362,671
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## SHAREHOLDERS' EQUITY

Capital stock—		
Authorized—		
100,000 preference shares of a par value of \$100 each, issuable in series - - - - -	10,000,000	
2,000,000 common shares without nominal or par value - - - - -	—	
	10,000,000	
Issued and fully paid (Note 3)—		
10,000 6½% cumulative preference shares series A - - - - -	1,000,000	
465,582 common shares - - - - -	1,437,505	
	2,437,505	
Retained earnings - - - - -	1,345,324	3,782,829
		<u>\$7,272,580</u>

## LIABILITIES





# CRUSH INTERNATIONAL LIMITED

AND SUBSIDIARIES

## EXPLANATORY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended November 1, 1961*

1. The estimated cost to complete a building under construction is \$280,000.
2. The following information on the foreign subsidiary whose assets and liabilities and income and expenses are not included in these statements is submitted in accordance with the requirements of section 89 of The Corporations Act, 1953:
  - (a) The accounts of the subsidiary are not consolidated herein because exchange restrictions apply.
  - (b) An amount approximately equal to the subsidiary's profit for the year (before inter-company fees) was withdrawn as technical service fees. The company's proportion of these fees was \$55,742. No other income from the subsidiary has been included in the company's accounts for the year.
  - (c) The company's proportion of the subsidiary's undistributed profits earned since acquisition and not taken into the accounts of the company is \$40,895, as compared with \$70,607 at November 2, 1960. The decrease results from a pronounced change in the exchange rate during the year.
3. Preference shares series A are redeemable at the option of the company on or before February 1, 1963 at a premium of  $6\frac{1}{2}\%$ , and at premiums reducing thereafter to a minimum of 3%. They are convertible into common shares at the option of the shareholders on or before February 1, 1962 on a basis of  $10\frac{3}{4}$  common shares for each preference share, and after that date until February 1, 1967 at bases reducing to  $7\frac{3}{4}$  common shares for each preference share.

Executive officers of the company and its subsidiaries hold options exercisable at various dates on or before February 1, 1967 to purchase 30,000 common shares at prices ranging from \$4.35 to \$12.75 per share. An outside party holds options exercisable at various dates on or before February 1, 1967 to purchase up to 7,500 common shares in restricted quantities at prices of \$7.00, \$10.00 and \$8.00 per share. These options have been issued to facilitate the conversion of preference shares series A into common shares and the number of shares purchased at any one time is substantially limited to requirements for this purpose.
4. Effective November 3, 1960 the company discontinued its policy of deferring certain advertising and other costs. Had this new policy been followed in the year ended November 2, 1960, there would have been no material effect on the earnings for that year.
5. United States funds are converted at par and other currencies at their free market rate of exchange to United States dollars at November 1, 1961.

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## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Crush International Limited and subsidiaries as at November 1, 1961 and the consolidated statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings, with the notes thereto, present fairly the consolidated financial position of the companies as at November 1, 1961 and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent (except for the change described in note 4, with which we concur) with that of the preceding year.

MCDONALD, CURRIE & Co.  
*Chartered Accountants*

TORONTO, December 5, 1961.





# CRUSH INTERNATIONAL LIMITED

WITH OPERATIONS IN 30 COUNTRIES

## HEAD OFFICE

1590 O'Connor Drive, Toronto, Ontario

## SUBSIDIARY COMPANIES

KIK COMPANY

CRUSH INTERNATIONAL INC.

INTER-AMERICAN ORANGE-CRUSH COMPANY

CRUSH INTERNATIONAL (U.K.) LIMITED

## PRODUCTS

Orange CRUSH

AMERICA DRY Ginger Ale

Lime CRUSH

GURD'S Ginger Ale

Grape CRUSH

VÉE DE VÉE

Grapefruit CRUSH

CRUSH Canned Beverages

CRUSH Cola

OLD COLONY Beverages

KIK Cola

CRUSH Fountain Syrups

## PLANT LOCATIONS

Toronto, Ontario

Dallas, Texas

Montreal, Quebec

Kansas City, Missouri

Winnipeg, Manitoba

Salt Lake City, Utah

Evanston, Illinois

Portland, Oregon

Atlanta, Georgia

Rio de Janeiro, Brazil

## BANKERS

Canadian Imperial Bank of Commerce

## TRANSFER AGENTS

Crown Trust Company

Montreal, Toronto, Winnipeg and Vancouver

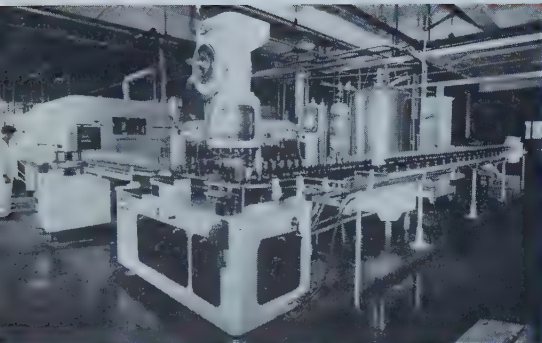
*Address all communications to:*

The Secretary,  
Crush International Limited,  
1590 O'Connor Drive,  
Toronto, Ontario

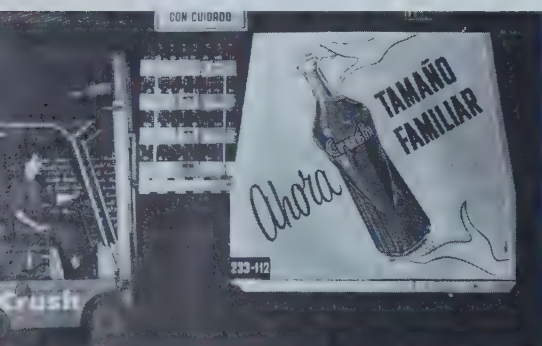


## CRUSH INTERNATIONAL

A WORLD WIDE SOFT DRINK BEVERAGE ORGANIZATION



*Modern bottling lines help to maintain the high quality of Crush drinks. This one is in Toronto.*



*Palletized operation adds to efficiency. Here a truck is being loaded in Peru.*



*Promotions are tailored to each country where Crush is sold. Banner announces free ferry ride in Niteroi, a suburb of Rio de Janeiro.*

Almost everywhere a Crush shareholder may travel, he finds another source of his Company's revenues.

Today, as Crush International continues its record of progress, people enjoy the fresh-fruit flavor of Crush on five continents, in 30 countries and in more communities than ever before.

Crush International Limited is the only major Canadian-owned soft drink beverage organization with such widespread international operations.

Just as Crush is a household word in all ten Canadian provinces and all fifty states of the United States, it is a household word . . . with a wide variety of pronunciations . . . in nations scattered around the free world. And, as the Company moves toward its objective of doubling its 1960 sales by 1965, Crush will become a popular beverage in still more countries.

While Crush sales in both Canada and the United States continue to increase with expanded distribution and steadily growing populations, the greatest potential for continuing development by the Company is to be found in the other nations of the world. Even now, a significant share of Crush sales comes from foreign countries.

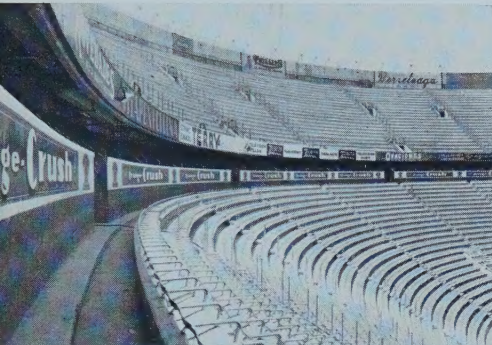
Few shareholders realize that one of the largest Crush bottling operations is not in Canada or United States but in Mexico City where Crush has been popular for over thirty years.

Against this background, increasing stress has been placed during the past year on the international markets for Crush. Established operations in foreign countries have been studied with a view to further development in these areas. Opportunities in other nations have been carefully considered and steps taken to launch distribution where there is a proven potential. As in the past, each move is being made in a way best suited to that country's way of living.

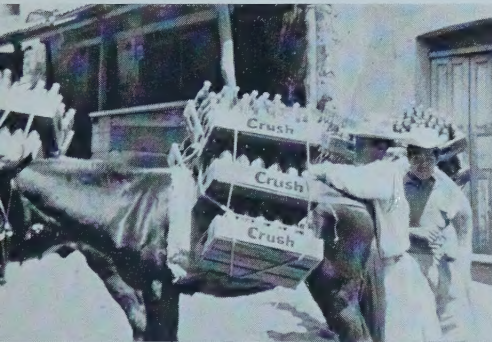
These steps are not an experiment. They are simply a continuation of the international marketing program of the Crush business. In 1923, seven years after the development of Orange-Crush, the young company made its first venture outside Canada and the United States. The drink was introduced that year in Argentina. Mexico and England followed in 1926, and shortly after that Crush made its bow in other countries in Europe, Central and South America. By 1939, the unique Crush flavor was well established as an international favorite.



*New plant and offices were opened in Montreal in December, 1961.*



*As the stadium signs indicate, Crush is a popular drink at bullfights in Mexico City.*



*Transportation is suited to the need. This is a Crush delivery in Chalma, a Mexican village inaccessible by road.*



*In Bauru, Brazil, as in other Crush markets, a local plant supplies local dealers.*

In some nations—for example throughout Latin America as well as in Canada and the United States—distribution has expanded steadily with little or no interruption. In others, especially in Europe, the war and its aftermath made it necessary to withdraw until conditions were again favorable.

The framework for the present expansion program, launched two years ago, follows a pattern based on successful experience. It permits a sound and flexible growth, with a minimum of risk and financial load for the Company.

Franchises are granted to individual bottlers with a high reputation for reliability and quality. In this way, dozens of new outlets for bottling Crush can be set up in a short time at no capital cost to the Company itself. Crush International has evolved the details of its franchise arrangements in such a way that they are good business for both the Company and the bottlers. Among the Crush family of bottlers are some of the most highly respected men in the soft drink industry.

The formula for Crush, of course, is a carefully-guarded secret. Basic materials are prepared by Crush International and shipped to bottlers throughout the world. They in turn produce the finished beverage, bottle it and arrange for distribution in their own areas.

This decentralized method makes possible a distinctive approach to marketing in each country. The Company does not regard itself as "in the export business," in the usual sense of that phrase. Instead, it is actually in business in each country where Crush drinks are sold. As a result of this policy, Crush has become a truly international drink. The people of each country regard it not as an import but as their own.

To co-ordinate and control international production and sales, the Company maintains sales offices in Mexico, the United States, Peru, Chile, Brazil, Uruguay, Puerto Rico and Belgium.

Today there are more than 500 plants bottling Crush products. During the past year the addition of more than 30 new bottlers and the introduction of new Crush products continued to increase sales.

Twenty-six plants in Mexico produce Crush in such steadily increasing quantities that it might well be termed the national soft drink. Modern structures in seven countries—including Costa Rica,



*Plant in Valera, Venezuela, is modern and functional. Crush is a leading favorite throughout South America.*



*You're never too young to enjoy Crush, as this lad demonstrates in the Dutch West Indies.*

Guatemala, Nicaragua, El Salvador and Panama—bottle the familiar product for distribution throughout Central America.

As Canadians and Americans have discovered, Crush is available on the islands of the blue Caribbean as readily as at home and is a favorite with tourists and local residents alike. To fill these demands, bottling plants are located in Jamaica, the Virgin Islands, Puerto Rico, the Dominican Republic, Curaçao and Aruba.

In South America, from Venezuela in the north right down to Tierra del Fuego at the southern tip, you will find Crush—and Crush is a major factor in the soft drink industry of each country. Billboards, signs, newspaper advertisements and radio commercials proclaim the presence of Crush—spelled the same, but pronounced "Croosh"—in cities, towns and villages everywhere.

In Argentina there are forty Crush bottling plants, and a mid-afternoon break for a bottle of Crush is a tradition. Like Mexicans, Argentinians drink Crush in remarkable quantities. In Chile there are ten plants bottling Crush. Brazil, Peru and Venezuela have six plants each, and there is one in Ecuador and one scheduled for early opening in Bolivia.

The development of Europe is moving ahead according to plan and new operations are scheduled for 1962, all part of an expansion program being supervised by the Company's representative for Europe and the Middle East.

In the hot, dry lands of North Africa it is not surprising that Crush is a favorite refreshment. There are eleven plants bottling Crush in Algeria, three in French Morocco and one in Tunisia.

Crush has been sold for many years in New Zealand, and a more exotic market was added recently when distribution was extended to the Fiji Islands.

In summary: the five-year expansion program is well under way. Expansion is being carried on, at home and abroad, by business methods that bring benefits both to independent bottlers and to Crush International Limited. This expansion is built on a sound and solid base of consumer acceptance. Wherever Crush drinks are introduced, their unique flavor and refreshment make them favorites.



*Typical plant scene (in São Paulo, Brazil) shows how lift trucks conserve space and speed handling of products.*





